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The uses of credit

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# The Uses of Credit.

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## THE GOLD STANDARD.

C. W. DICKEY.

In the treatment of the currency question, and discussion of the relative merits of gold and silver for use as currency, as presented by many writers on the subject, too little importance seems to be attached to conditions in society which create a demand for gold or silver respectively. The fact that in the early history of our country the stage-coach was found to serve a very useful purpose as a mode of traveling, forms no sort of reason, that we shall fore-go all the conveniences of modern travel as experienced in the vestibule-train and palace-car. The fact that our vast industrial machinery is found to glide more smoothly, supported by a monetary system, resting upon gold as a standard of value, conveys no sort of impression to us, that the condition of semi-civilized countries, in which silver is found to meet all the demands of business, is superior to our own highly organized industrial system.

A great deal of inflammatory talk has been indulged in by the advocates of silver, concerning a shrinkage of values, and confiscation of property through appreciation in the value of gold, due, as alleged, to it's having been made the standard of value by the leading commercial nations. And yet, those who talk so loudly about gold having appreciated, so greatly, in value, at the expense of all other kinds of property, fail to inform us, why money can be loaned, and is loaned, at greatly reduced rates of interest, as compared to times prior to 1873; since which date gold is said to have appreciated, so greatly, in value: and notwithstanding the fact, of low rates of interest, and a constant cheapening of products, by which they are brought more nearly within the reach of people of moderate means, the legislation by which this has been brought about, is characterized, as an attempt to rob the people by demonetizing silver.

The bankers, merchants, and financiers of the world, have been subjected to a great deal of criticism, for a commendable effort, to subserve public interests, by a prudent management of the affairs over which they exercise control. The advocates of the free-coinage of silver deplore the contraction in the volume of money, which, it is claimed, would result from—demonetizing silver, as if

the sudden inflation of prices consequent upon the adoption of a depreciated standard of value would not be the worst possible form of contraction, accompanied as it always is, by an era of speculation and uncertainty in business enterprises.

The contraction in the volume of currency and resulting disaster to business interests, as predicted by the advocates of silver, through restrictive legislation affecting silver, could not cause greater disaster than would result from the adoption of a depreciated standard of value, the prices of labor, and of all crude products forming the necessities of life, being last to rise in value during periods of inflation, and first to fall upon returning again to a basis for stability in value, thus, working a direct hardship upon the laboring classes and small property-holders, who, for the most part, deal in the class of products, subject to this unjust discrimination. Any advantage resulting to the wealthy classes, through appreciation in the value of money, due to its scarcity, would accrue, quite as readily, to those who live by wages, for if any one is interested in the possession of money, which will exchange for the largest measure of the conveniences of life, it is the person who earns money by daily labor. The history of the commercial world, during the past twenty years, has been marked, by an increase in the purchasing power of money. This is not due to any perceptible appreciation in the value of gold, as alleged by the owners of silver bullion, but to other causes, and mainly to increased production, as well as better distribution of the products of labor, through the use of improved appliances, as labor-saving machinery, rapid transit, through the use of steam as a motor, improved methods of communicating intelligence, by means of better mail facilities and the employment of electricity in the telegraph and telephone, and, largely, to the efficiency of government, in maintaining the inviolability of contracts and preservation of a sound monetary system, resting upon gold as a standard of value; the wonderful elasticity and ever increasing capacity of the credit system to serve the demands of business, being largely the result of the confidence reposed by the business world in a monetary system, resting upon gold as a basis.

The multiplied agencies that accompany advancing civilization, and which become such powerful factors in increasing the purchasing power of money, are, ever, found to be the wage-earner's best security against distress, enabling him to enjoy a larger share of a constantly increasing product, and guaranteeing greater liberty, for the acquirement of useful knowledge, and cultivation of all those qualities which tend to develop a high standard of citizenship.

A great amount of money per-capita, or large volume of currency

in a nation, does not, necessarily, indicate a high degree of prosperity, as notably, several of the years of greatest prosperity in the United States, have been years in which the volume of currency has been lower than that of other years within the same decade; while the industrial activity of years with money of high purchasing power, attests its value, as compared with years of inflated currency, accompanied by instability in values. One of the best illustrations, because one of the simplest that can be given, showing the fallacy that business prosperity is dependent upon a large volume of currency, is that given, not long since, by a well-known financial writer.

The illustration is so apt, that we can hardly forbear repeating it, for the benefit of those who may chance to peruse this work.

The currency of a nation is compared by the writer, to the volume of water of a river. The volume of water is utilized, as a motive power, to propel the machinery in manufacturing industries. Should the demand for the product of these industries be great enough, ten, or twenty, or a hundred times as many mills can be propelled, by the same volume of water.

An analogy is, here, traced, between the volume of water of the river, and the volume of currency of a nation. Through organization, in the use of banks and clearing-houses, ten, or twenty, or a hundred times as much business can be done, as otherwise, with the same volume of currency. The more active business becomes, the more frequently money changes hands in small dealings, and the more frequently the processes of exchange are repeated in large dealings, through banks, and clearing-houses, and the use of the credit system.

The fact, that the great commercial nations are, ever, tending towards the adoption of gold, as the best representative of an unvarying standard of value, is but an illustration of the workings of an imperative law, which ever tends to bring existing conditions into harmony with itself,—ever works to adapt industrial activities to new and progressive conditions; the law of progress, from a wandering, wasteful, incoherent state of society, to an organized, law-abiding, and coherent state. Silver, having the capacity of subdivision into denominations of value, of great convenience in trade, serves a well-nigh invaluable purpose, as a medium of exchange, in facilitating the minor transactions incident to retail trade; and since countries of low industrial organization, the wants of the inhabitants being few and simple, are, almost wholly, lacking in the degree of confidence, so essential to the perfect working of the credit system, the demand for money of small denomination becomes imperative, and silver, so well adapted to the uses of subsidiary coinage, acquires a special value.

But in countries of a high grade of civilization, where confidence in the stability of government, and enforcement of law, forms a basis for credit, where the industrial activities are in full play, and all of the agencies for the transmission of intelligence, and interchange of commodities, exist in a high state of perfection, money, for purposes of exchange, ceases to have the value that belongs to it under other and less favorable conditions; the demand for money, as a medium of exchange, gives way to that higher function of money, in which it serves, as a standard of value, and is followed by all the benefits that flow, so naturally, from a long-established, and highly-developed credit system.

Gold and silver, like other commodities, are governed by the law of supply and demand.

The supply of silver, for use in the arts, or for purpose of coinage, exceeding the demand, no valid reason appears to exist, for its being privileged over other commodities, in securing legislative action in its favor.

The matter, here, outlined is but elementary in character, and the principles involved, familiar to most persons, who possess more than an elementary knowledge of the uses of money. But as elementary principles may, sometimes, be re-stated with profit; and, as much matter concerning the currency question, is being heralded before the public, we invite thoughtful consideration of the matter, here outlined, trusting, that it may not be found below the average of the mass of literature on the subject, in which the times abound, and as containing some facts, which may not be considered unimportant, in assisting to arrive at a correct conclusion, as to conditions in society, which create a demand for gold or silver respectively, and enable to be determined their relative merit for use, as a medium of exchange, or standard of value.

## THE DEFENSE OF SILVER.

C. W. DICKEY.

The recent attempt to marshal the forces of fiat-money under the banner of free silver, as well as the attempt, during the last session of Congress, to secure recognition of a free-coinage measure, seems to deserve rather more than a passing notice, and to partake not a little of the folly contained in the action of the individual who tried to kill the goose that laid the golden egg. There are, probably, but few Americans who do not realize that silver has been an extensive American product, and that in justice to the silver industry, such legislation should be granted, as is fairly due all American products. That such measures have been enacted, during the last twenty years, as would enable silver-producers to protect themselves against risks of loss, due to a rapidly depreciating product, no one conversant with facts, and disposed to deal fairly with all branches of American industry, will deny. The expense of maintaining a gold reserve, sufficient, to preserve the interchangeable value of all forms of our currency, ought not to be considered a burden, when compared with the advantages resulting from public credit. The fact of the possession of vast undeveloped resources, together with an enterprising and prosperous people, and all of the appliances for the development of wealth, will enable a nation to bridge over periods of distress, by use of its credit, which, otherwise, might be quite impossible. The fact, that a limited quantity of a debased metal, can be maintained at a fixed ratio with gold, is quite different, from an undertaking, to maintain an unlimited amount of such metal, at such ratio. As to the folly of enacting a free-coinage measure, can it be doubted, that the agitation of the silver question, coupled with the legislation of recent years, has been a potent factor in reducing our nation to its present distressed condition, necessitating an issue of bonds, to insure the maintenance of public credit? That some relief, from the pressure of the times, is desirable, is not less the opinion of the author of this work, than of the public; but that anything less than disaster would result, from the adoption of a free-coinage measure, is so remotely improbable, as to scarcely afford the shadow of a hope. Such result would be due to a departure, from the time-honored policy of our Government, to preserve



its credit, by maintaining the interchangeable value of all of its currency, thus guaranteeing the validity of existing contracts, facilitating the transaction of business, and encouraging the investment of capital.

The occasional losses due to the transaction of business upon credit, affords grounds for suspicion, that an equivalent in value, for commodities sold, or services rendered, may not, always, be forthcoming. This distrust is intensified, when in particular cases, a positive doubt exists, as to the fund available for satisfying an indebtedness. This distrust tends to obstruct trade, and is comparable to that which prevails in the business world, when the validity of the monetary standard is questioned. Examples are numerous enough, showing the disastrous results, from attempting, to conduct business upon credit, without a sufficient basis of value upon which to support it. And if a basis of value is so essential, and a unit of value so convenient in effecting exchanges, why should they not be the best that can be obtained, as exemplified in gold, the world's standard of value? The ill effects, likely, to result, from the adoption of a debased monetary standard, is comparable to that which an individual would sustain from over-trading, or a reckless expenditure of his resources. Some persons favor silver, as being the people's money; with such the belief exists, that a guarantee of honest dealing attends the use of silver, from its being so well adapted to the every-day transactions of life.

No credits are involved, no distrust prevails, no complexity or obscurity exist, where every dealing is reduced to a simple cash transaction. This is a quite plausible theory, and if found consonant with all attendant circumstances and conditions in business, might be readily adopted in practice. But why any reason for questioning its validity, why not adopt the unlimited coinage of silver upon the ratio of sixteen ounces of silver to one ounce of gold? Plainly the answer is, depreciation, and resulting instability in the value of silver, which totally unfits it, for use, as a standard by which, to regulate the value of the world's commodities; and the impending danger that it may become such standard, in obedience to a well-known law of finance, by which the cheaper currency always drives out the dearer and better, and takes its place as the circulating medium. Part of what purports to be a dollar in silver, coined at its present ratio, is purely flat-money, and partakes of the nature of an invalid paper promise. It is only the known ability, and purpose of our Government, to maintain all of its currency, at par with gold, that enables the silver dollar to purchase a dollar's worth of commodities. Were it not for this important fact, all of our silver, in circulation, could only be estimated at its bullion value; and our paper money, like the invalid paper

promise of an insolvent debtor, would be worth but little, if any more, than the paper upon which it is printed.

If the insolvent debtor could demonstrate his ability to pay a large part of his indebtedness, his creditors, or others, might succeed in exchanging his promissory notes, for money, or commodities; but the prudent business man, who wished to secure, beyond peradventure, an equivalent for his products, would exact a discount on such notes, or in lieu thereof, demand a price, sufficiently in excess of current prices, to compensate for any risks he might incur. Such is the principle which underlies the theory of inflated prices, being, merely, a measure of the lack of confidence of the public, in the circulating medium. And with an unstable standard of value, as a result of the exclusive use of depreciated money, it is easy to see that prices would vary, with almost the same degree of uncertainty that characterizes the changes in the atmosphere. Who does not believe that plain working-people would be at a disadvantage, under such conditions; and that none but those favored with opportunities for information, concerning changes in prices, or others skilled in financial operation, could hope to keep pace with these fluctuations in value?

Would not all the advantage, under such conditions, be with the so-called gold-bug, of which the free-silver advocate, so much complains? The disadvantage attending a redundancy of currency of less value than gold is, that it is an approach to this condition of inflation which unsettles prices, destroys confidence, and threatens, with danger, the basis of value, itself. As money, in superabundance, seeks the most available places for investment, and, as the best money always departs under such conditions, any loss of confidence in the administration of affairs, any condition that tends to contract business, and prevent the development of wealth, lessens the demand for money, and tends to its depreciation. This lessened demand for money, through modern facilities for exchange, in connection with the greatly increased production of silver, through improved mining processes, has caused the great commercial world to discard silver, except for subsidiary purposes. And why should we question the fact, when so consonant with reason, and so in accordance with natural laws? As well, might we attempt to reverse the law of gravitation, as to try to check the onward movement of the world, as exemplified in the working of its great economic laws. The tendency, to pervert justice, has so many possibilities, in the frailties of human nature, that it is only by a rigid adherence to correct standards, that the evil-disposed can be restrained, and the worthy protected. To corrupt the fountains of justice, by legalizing a dishonest currency, would be but little better, than to legalize crime, for it would be a step in that direction. It may

be, that some who advocate the free-coinage of silver, do not realize the full significance, which such an act imports. It can hardly mean less, under present conditions, than silver mono-metallism; and this implies isolation from the world's trade, by reason of having no common unit of value, with which to settle international balances. The celebrated Parisian banker and financier, Henry Cernuschi, a great authority upon so-called bi-metallism, in reply to questions by members of the United States Monetary Commission, as given in the published report of that commission, page forty-eight, presents the following views: "If you are bi-metallic, when Europe is mono-metallic, you are bi-metallic in name only; verily, you would be a silver mono-metallic country, such as India, and the monetary position of the United States against Europe, would be, exactly, the same, as the present position of India against England, a position which engenders heavy losses upon both countries."

Commenting upon the dangers incident to free-silver coinage, a recent financial writer has said: "If any man who has bullion in his possession can demand that the Government shall coin it for him, and stamp upon its face a certificate of its value which is in excess of its true value, and can thereafter take the coin to the Treasury of the United States, and receive for it a silver note, he has it in his power to prevent the Government limiting the volume of its obligations. The only limitation will be the amount of silver bullion in the world, or the credit of the Government." We already have a heavy responsibility in the coinage of silver and stamping it at a fictitious value. Our purchases of silver under various acts of Congress have amounted to—

503,043,811 fine ounces, for which we paid .....	\$516,623,011
The value at the market price of to-day is .....	\$34,925,988

Showing a net loss of .....	\$181,697,923
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Thus do the world's authorities explain the facts in regard to silver. The merits or demerits of a subject in controversy may sometimes be afforded new light by an inspection of the motives prompting the belief of those who respectively affirm or deny. An inspection of the motives, prompting the belief in the delusion of cheap money, reveals the fact, that such delusion, quite frequently, results, from a lack of well-defined ideas, concerning the uses of money, as adapted to modern methods of exchange. Where credit forms so important an element in business, the importance of the monetary standard, by which values are regulated, can hardly be overestimated. Many very enthusiastic believers in the efficacy of a Government stamp, to create value, as well as in the practicability, of maintaining a double standard of value, tacitly admit the unreasonableness of their claims; for, when stating the value of commodities, such value is, invariably, found to be in terms of gold.

Thus, almost unconsciously, does the flat-money theorist acknowledge the validity of gold, as the only standard of value. The claim of the free-coinage advocate, that there is not enough money to transact the business of the world, and, as a result of this scarcity of money, a demand exists for the unlimited coinage of silver, is found to be unwarranted by the facts. Why, if this claim be true, has there been so much prosperity up to quite recent times, the increase in currency being nearly uniform during recent years? Have wealth and population increased, so rapidly, during these years, as to cause a virtual contraction of the currency? Is it not a fact, that, instead of an increase of wealth, and expansion of business, there has been diminished production of wealth, and contraction of business; and, instead of a scarcity of money, an abundance exists; as shown by low rates of interest, and a demand for good paying investments? The plea of the free-silver advocate, that the increase in wealth and population, during recent years, and abundance of commodities, demand a greater volume of currency, to sustain prices, is, plainly, false in theory; for as a result of modern methods of exchange, the facilities for communicating intelligence, use of the credit system, better administration of justice, prompt execution of law, and other auxiliary agencies; the demand for money, for purposes of exchange, is ever becoming less. This lessened demand, and resulting depreciation in the value of money, ever, tends to keep pace with increase in productive power, and, thus, is afforded another beautiful example of the law of compensation, at work in the world. The capacity of some persons to entertain these delusions in regard to money and values, seems, only, to be equalled, by their capacity for opposing whatever is legally established, and sanctioned by usage. The flat-money theorist is almost invariably found to entertain no small amount of ill-founded prejudice against those, who, through business enterprise, are endeavoring to bring a little prosperity into the world. It seems to make no difference how legitimately wealth may have been acquired, or how many worthy people in humble circumstances, may have been benefited thereby, the mere fact of the possession of wealth, or of even being in fairly prosperous circumstances, is deemed a sufficient cause, for overturning any existing monetary system. It matters not how much the acts of the silver producer may have contributed to the debasement of silver, through overproduction; he is ever ready to levy tribute upon a generous and forbearing public. The representative flat-money theorist appears to ignore the fact, that it is not only not in opposition to social order, that some people, through better opportunities, and, it may be superior ability and integrity, attain to prominence in affairs, but that it is altogether suitable and proper that such should be the

case, and perfectly consonant with the highest degree of social order. As to the relief anticipated, through the adoption of a free-coinage measure, is it not in accordance with another form of belief which prevails, so largely, with persons of, relatively, small intelligence, and great credulity, who manifest so little concern, as to the outcome of public measures; namely, that it is of no great importance what measures are adopted, or how administered, that all will work out right in some way? There are some who advocate the free coinage of silver, from selfish and mercenary motives alone. Can there be a doubt, that the owners of silver bullion, believe themselves to have been the chief beneficiaries, from the enactment of such laws as the Bland Act of 1878, or the, so-called, Sherman law of 1890? Whence the tenacity of purpose, exhibited by these people, who talk so loudly about usurers and gold-bugs? Is it not a well-known fact, that these self-appointed conservators of the public welfare, these so-called champions of bi-metalism, who, so persistently, endeavor to prejudice the public mind against legitimate industry, are themselves the real gold-bugs; and that all of their scandalous talk is, merely, for the purpose of diverting public attention from their real object? This brazen-faced effrontery, this loud and deceptive talk, to sustain the price of a depreciated commodity, for the benefit of bullion-owners, has been so convenient a method of looting the public, that the promoters of this policy are loth to relinquish it. The most discouraging feature of the silver controversy is, that no one except the owners of silver mines, and those, identified with them in interest, could, by any possibility, derive any advantage from the free-coinage of silver; but would, instead, suffer almost irreparable losses. It is plainly a case, similar to that of the inebriate who ever requires a fresh portation to revive his failing spirits.

The true defense for silver is to advance business prosperity, and promote industrial activity, thus, creating a demand for all of the nation's currency and appreciating its value. Clearly, what is needed, is a restoration of business confidence, and this would be obstructed, by any further tampering with the basis of value. Plain working people would receive only chips and whet-stones, from legislation in accordance with the demands of the free-silver agitator, while mine-owners and bullion-owners would reap the harvest, which would be a harvest of gold. That the American people with the good business perception usually accorded to them, should allow themselves to be deluded, into any false steps, in relation to this fatal policy of free-silver coinage, while, already, possessing a relatively sound and stable currency, would be hardly less surprising, than deplorable.

Would those who have invested their earnings in the savings banks

of the nation derive any thing but loss; from legislation that would result in placing affairs upon a silver basis, or the vast army of wage-earners, whose wages, in virtue of their present high purchasing power, are the means of moving a vast quantity of the nation's products? Could any advantage result from discounting the savings and wages of working-people, still further contracting business, already at so low an ebb? That there is a limit beyond which a nation, in common with an individual, can not, safely, pass, in issuing its promises to pay, seems, never, to have been, seriously, entertained, by the advocate of fiat money; he appear to believe that some magical significance attaches to the term money, or legal tender, which releases a nation, issuing its promises to pay, from the legal, or moral responsibility, which attaches to the maker of any other kind of contract. That a nation, in doing a banking business, can depart from well-established banking principles, and reap anything but disaster, appears to be remote from the thoughts of the fiat-money theorist. There are some, who, honestly, entertain this delusion, in the belief, that an increased volume of money will enhance prices, and cause activity in business; apparently, overlooking the fact, that any increase in the volume of currency, above what is required to transact the business of a nation, is powerless to affect prices, while all currency is maintained at an interchangeable value with gold; and the further important fact, that promises of any kind recognized by the commercial world, whether guaranteed by the signature of an individual, or by the stamp of a government, are of but little value, unless capable of being redeemed, in some substance, recognized by the world as possessing value. As a rule, the advocates of gold, as a monetary standard, recognize the necessity for stability of value, as a pre-requisite to business prosperity; they see in gold an instrument for measuring values, recognized by the world, as the best that can be obtained; hence, their adherence to it, as being most likely, to insure stability, and certainty in all business transactions. That all of the avenues to speculation, fraud, and oppression, would be opened up, the validity of existing contracts impaired, and a vast train of evils result, from the adoption of a monetary standard lacking in stability, accords with the belief of the advocate of sound money.

As to the validity of any further claims, on the part of silver-producers, for legislation, to arrest the decline in price of silver, what would be thought of legislation, to sustain prices of other commodities, as cotton, domestic animals, iron or wheat? Would not such a law be, rightly, regarded, as a most extreme form of class legislation? Yet wherein does it differ, in so far as the effort, to sustain the price of a depreciated commodity is concerned, from the methods proposed by the advocate of free-silver coinage? But

it may be said, that silver is a precious metal, used as money for centuries; it can not, justly, be placed upon the same plane with other commodities. The reply might be, that iron, wheat, and domestic animals, have been used as money, in different ages of the world. In so far, as serving some of the purposes of money, wheat would not, so far, fall short, even in our day; it has durability, as is implied in the common expression, as good as old wheat; and, as for stability of value, it is quite as stable as silver; and as for convenience of exchange, wheat certificates could be issued, quite as readily as silver certificates. There would, still, be a further advantage, that the demand for wheat in times of distress, unlike the demand for silver, would tend to keep it at an interchangeable value with gold; thus tending to eliminate one of the sources of trouble in modern financial legislation, involved in the effort to sustain the price of a depreciated money-metal. We, really, can not see, why the growers of wheat have not been pushing their claims, to recognition, at the hands of the government. There is a theory, quite prevalent among those, who misapprehend the utility of gold as a standard of value, that it is appreciating in value, as a result of the increased demand for its use as money, and that as a result, all other commodities are depreciating. Failing to note the wonderful increase in productive power, through the increasing use of steam and electricity, and their application to the mechanic arts, and consequent saving of human labor, and diminished cost of production, the advocate of fiat-money can see no other cause for low prices, than appreciation in the value of gold. The best authorities agree that the supply of undeveloped gold in the world, is, amply, sufficient, to meet any demands, that are likely to arise, for its use as money, for centuries; and that no observable appreciation, in its value, has thus far taken place.

M. Leroy Beaulieu, one of the world's greatest economists in an article, published July 1, 1893, in the *Economiste Français*, expresses the opinion, that it is not improbable that silver may, yet, decline to a value, as low as 33 cents on the dollar of our currency. As estimated by the same authority, the annual out-put of the world's silver mines, should present rates of production continue, may reach, by 1898, the sum of \$100,000,000, a sum equal to more than nine times the annual out-put of silver from 1853 to 1857. The annual out-put of gold for 1897-8 as estimated by the authority above cited, is practically, the same as for 1853-7, namely, \$160,000,000. In regard to any probability of the world's supply of gold falling short, we give the author's statement, as follows: "As to the pretended rarity of gold, we have often said that there is no reason to be alarmed. Without mentioning other countries, South Africa can furnish an increasing quantity of gold." Depreciation

in the value of commodities, is, clearly, due to other causes, than appreciation in the value of gold, prominent among which are improved facilities for manufacturing, better methods of distributing products, through improved facilities for transportation, and better means of communicating intelligence, by use of the telegraph and telephone. All of these agencies, by lessening human labor, diminish cost, which can but result in lower prices. The free-coinage advocate seems to be guilty of torturing into a false signification, all of these beneficent agencies of modern civilized life. Low prices, far from being indications of distress, penury, and want, are harbingers of better things, which lie in the direct trend of advancing civilization. Not the least of the ills, likely to result, from the instability of value, consequent upon the adoption of a silver standard, would be the discredit, cast upon the validity of existing contracts. To incur indebtedness, upon a given basis of value, with the intention of liquidating same upon a lower basis of value, would not differ, essentially, from repudiation, and could not, therefore, be regarded in the light of strictly honest dealing. The instability, in the value of silver, constitutes the real problem. If there could be any assurance of maintaining anything like permanency of value in silver, affairs might, after a time, become adjusted to the new conditions. But wherein do present conditions warrant any such conclusion?

Regarding the causes of silver's depreciation, and resulting instability of value, we quote from the *Engineering News* of August 10, 1893. In an article, entitled *The Silver Status*, the author states as follows: "But in recent years the product of gold has fallen somewhat, and, though it has been lately increasing again, seems to be settling down to a moderate and nearly constant production of \$120,000,000 to (possibly) \$150,000,000 per year, with little chance of ever increasing the latter total, while the production of silver has increased apace from only one-fourth of the gold-production of 1853-7, when the latter was at a maximum, and silver about a minimum, to nearly twice the gold-production in 1892. In other words, the yearly out-put of silver has increased by leaps and bounds to nearly five-fold that of 1853-7, and to nearly three-fold that of 1863-7, with every promise of indefinite further increase, from known, and seemingly inexhaustible sources of supply, by steadily improving metallurgical processes. The inevitable result has followed. Silver has fallen heavily, and what has, heretofore, constituted nearly half of the world's circulating medium has become discredited as such, and is rapidly passing out of use, in spite of unprecedented efforts to maintain its price by law."

Should the free-silver propaganda succeed in having its claims allowed with such a discouraging outlook for silver, what encour-

agement would business men have for making investments of any kind with every prospect of being repaid in money of lower value than that invested? Capital must have a prospect of fair profit, as surely as wage-earners must have living wages; for how else, can the expenses of business be met, the wages, taxes, rents, and interest, the wear and tear, and destruction of machinery, and supplanting same, by new and improved devices, the risks of loss by fire, lock-outs, and strikes?

The discouragement to business enterprise, consequent upon the adoption of a silver standard, cannot be regarded as second in importance, to any, connected with the silver question. As a fair illustration of the ill-effects, likely to result from the adoption of a silver standard, might be cited the results likely to arise, from use of a varying standard of weight or measure, as the pound or yard; which, instead of being a correct standard, unchangeable, from year to year, should be found, gradually, becoming smaller, as indicating a lighter pound, or shorter yard. Would it require longer than a day for people to rebel against such varying standard of weight or measure? In what essential particular, except in its capacity for greater harm, would a depreciating money-standard of value, differ from this varying standard of weight or capacity?

The world is rapidly becoming a financial unit, through modern devices for communicating intelligence, and interchanging commodities, and an all-important question for us to consider, is, whether we can afford to isolate ourselves from the world's trade, by the adoption of a monetary standard inimical to same. As the division of labor, and increasing specialization of industry demand better organization, and higher rules of action, so, in the financial world, do facts justify us in the conclusion that we shall, by adhering to advanced economic standards, most surely subserve our interests, and by refusing to discriminate, unfairly, in favor of any special interest, most surely promote the welfare of all.

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